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GOVERNMENT OF INDIA  
MINISTRY OF LAW

New Delhi, the 27th September 1947

ORDINANCE No. XX of 1947

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## ORDINANCE

*to enable temporary assistance to be given to certain banking companies in the Provinces of East Punjab and Delhi.*

WHEREAS an emergency has arisen which makes it necessary to provide for the giving of temporary assistance to certain banking companies in the Provinces of East Punjab and Delhi,

Now, THEREFORE, in exercise of the powers conferred by section 42 of the Government of India Act, 1935 (26 Geo 5, c. 2), as adapted by the India (Provisional Constitution) Order, 1947, the Governor-General is pleased to make and promulgate the following Ordinance—

**1. Short title, extent, application and commencement.**—(1) This Ordinance may be called the Banking Companies (East Punjab and Delhi) Ordinance, 1947.

(2) It extends to all the Provinces of India, but applies only to, and in relation to, banking companies the registered offices of which are situated in the Province of East Punjab or the Province of Delhi.

(3) It shall come into force at once

**2. Interpretation.**—In this Ordinance,—

(a) "banking company" has the meaning assigned to it in section 277F of the Indian Companies Act, 1913 (VII of 1913);

(b) "initial order" means an order first made under section 3 in respect of a banking company;

(c) "prescribed" means prescribed by rules made under section 9;

(d) "Reserve Bank" means the Reserve Bank of India.

**3. Power to order moratorium in certain cases.**—On application in writing made to it in this behalf by a banking company to which this Ordinance applies, the Central Government if it considers it to be in the public interest so to do, may, by notification in the official Gazette, make an order, which shall be binding on all Courts, staying the commencement or continuance of all actions and proceedings against the company for a period of three months, and may, by a like order which shall be similarly binding extend such period

**4. Obligations of banking companies during moratorium.**—While an initial order is in force, the banking company to which it relates—

(a) shall, on demand duly made, pay to any depositor at each branch in which the depositor has a current or deposit account or both, such amounts not exceeding in any month ten per centum of the total unencumbered amount in the depositor's current and deposit accounts with the branch on the date of the notification of the order, or two hundred and fifty rupees, whichever is less, and may make at a branch situated within the Provinces of India, payments similarly limited in amount to any person making a demand therefor at the branch who satisfies the company both

that he has a current or deposit account with a branch of the company situated outside the provinces of India and as to the amount thereof;

(b) shall not accept any deposits, whether in current or deposit account;

(c) shall not, save as provided in clause (a) and save for the purpose of meeting its normal running expenses, dispose of any of its assets.

**Explanation.**—For the purposes of this section 'month' means a period of thirty days, the first such period commencing on the date of the notification of the order under section 3.

**5. Power to make advances to banking companies.**—(1) On application in writing made to it in this behalf by a banking company in respect of which an initial order is in force, the Central Government may advance to the company such amount as the Central Government considers necessary to enable the company to meet the demands payable by it under clause (a) of section 4.

(2) During the period of an initial order and of an extending order, if any, under section 3, an advance made under this section shall be free of interest, but thereafter interest at the rate of three *per centum per annum* shall be payable thereon, and the advance shall be repayable on such terms and conditions as the Central Government may in each case think fit to impose, having regard to the other obligations of the banking company.

(3) Where a banking company to which an advance has been made under this section is wound up, any sums due to the Central Government in respect of such advance shall, subject only to the prior claim of the Reserve Bank or any banking company in respect of any loan or advance made by it before the commencement of this Ordinance to the banking company being wound up, be a first charge on the assets of the company.

**6. Accounts and returns.**—Every banking company in respect of which an order has been made under section 3 shall, while the order remains in force and until any advance made to it under section 5 together with the interest thereon is fully repaid, maintain such accounts, and submit to the Reserve Bank such true returns at such intervals, as may be prescribed.

**7. Penalties.**—If any provision of this Ordinance is contravened or if any default is made in complying with any requirement thereof, every director and other officer of the banking company who is knowingly a party to the contravention or default shall,—

(a) where the contravention is a contravention of the provisions of clause (c) of section 4, or is in respect of the submission of a return which is false in any material particular, be punishable with imprisonment for a term which may extend to three years and shall also be liable to fine;

(b) in any other case, be punishable with fine not exceeding five hundred rupees, or where the contravention or default is a continuing one, with a further fine not exceeding fifty rupees for every day during which it continues.

**8. Cognizance of offences.**—No Court shall take cognizance of an offence punishable under section 7 except upon complaint in writing made by a person authorised in this behalf by the Central Government or the Reserve Bank, and no Court inferior to that of a Presidency Magistrate or a Magistrate of the first class shall try any such offence.

**9. Power to make rules.**—The Central Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Ordinance.

**10. Effect of expiry of Ordinance.**—On the expiry of this Ordinance, section 6 of the General Clauses Act, 1897 (X of 1897) shall apply as if this Ordinance were an enactment then repealed by a Central Act.

MOUNTBATTEN OF BURMA,

Governor-General.

K. V. K. SUNDARAM,

Secy. to the Govt. of India.